
LEGAL AID AT WORK

FINANCIAL STATEMENTS

December 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

LEGAL AID AT WORK

Contents

Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-14

INDEPENDENT AUDITORS' REPORT

Board of Directors
Legal Aid at Work
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Legal Aid at Work, which comprise the statement of financial position as of December 31, 2019, and the related statements of activity, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Aid at Work as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Legal Aid at Work's December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Croody & Lameda CPAs LLP

Oakland, California

June 9, 2020

LEGAL AID AT WORK

Statement of Financial Position

December 31, 2019

(With Comparative Totals as of December 31, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 1,653,059	\$ 2,207,286
Investments (Note 4)	8,674,567	6,546,880
Grants and pledges receivable (Note 3)	633,547	793,164
Court awarded fees and accounts receivables	183,687	312,939
Prepaid expenses	307,804	95,480
Deposits	55,364	55,364
Property and equipment, net (Note 6)	<u>36,535</u>	<u>76,052</u>
Total Assets	<u>\$ 11,544,563</u>	<u>\$ 10,087,165</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 234,773	\$ 101,961
Accrued vacation	284,210	259,541
Accrued rent	50,008	105,792
Total Liabilities	<u>568,991</u>	<u>467,294</u>
Net Assets		
Without donor restrictions	5,475,069	4,382,079
With donor restrictions (Note 9)	<u>5,500,503</u>	<u>5,237,792</u>
Total Net Assets	<u>10,975,572</u>	<u>9,619,871</u>
Total Liabilities and Net Assets	<u>\$ 11,544,563</u>	<u>\$ 10,087,165</u>

See Notes to the Financial Statements

LEGAL AID AT WORK

Statement of Activities For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
Support and Revenue				
Support				
Annual fund	\$ 980,245	\$	\$ 980,245	\$ 1,055,599
Annual event, net (Note 10)	578,666		578,666	612,099
Foundation and other grants	265,185	1,966,982	2,232,167	1,541,125
Cy Pres	1,777,639		1,777,639	1,829,679
Total Support	<u>3,601,735</u>	<u>1,966,982</u>	<u>5,568,717</u>	<u>5,038,502</u>
Revenue				
Attorneys' fees	847,164		847,164	854,909
Investment activity, net (Note 4)	101,406	268,714	370,120	33,130
Other	54,238		54,238	30,939
Total Revenue	<u>1,002,808</u>	<u>268,714</u>	<u>1,271,522</u>	<u>918,978</u>
In-kind services (Note 11)	484,420		484,420	491,729
Support provided by expiring time and purpose restrictions	1,972,985	(1,972,985)	-	-
Total Support and Revenue	<u>7,061,948</u>	<u>262,711</u>	<u>7,324,659</u>	<u>6,449,209</u>
Expenses				
Program	4,620,689		4,620,689	4,334,595
Management and general	613,070		613,070	801,497
Fundraising	735,199		735,199	749,650
Total Expenses	<u>5,968,958</u>	<u>-</u>	<u>5,968,958</u>	<u>5,885,742</u>
Change in Net Assets	1,092,990	262,711	1,355,701	563,467
Net Assets, beginning of year	<u>4,382,079</u>	<u>5,237,792</u>	<u>9,619,871</u>	<u>9,056,404</u>
Net Assets, end of year	<u>\$ 5,475,069</u>	<u>\$ 5,500,503</u>	<u>\$ 10,975,572</u>	<u>\$ 9,619,871</u>

See Notes to the Financial Statements

LEGAL AID AT WORK

Statement of Cash Flows For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 1,355,701	\$ 563,467
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	40,730	46,241
Loss on disposition	-	14,436
Investment activity, net	(370,120)	(33,130)
Donated stock	(45,154)	(35,899)
Change in assets and liabilities:		
Grants and pledges receivable	159,617	372,584
Court awarded fees and accounts receivables	129,252	(284,208)
Prepaid expenses	(212,324)	28,353
Accounts payable and accrued expenses	132,812	(155,436)
Accrued vacation	24,669	(15,063)
Accrued rent	(55,784)	(55,487)
Net cash provided (used) by operating activities	1,159,399	445,858
Cash flows from investing activities		
Purchases of fixed assets	(1,213)	-
Purchases of investments	(1,712,413)	(2,000,000)
Net cash provided (used) by investing activities	(1,713,626)	(2,000,000)
Cash flows from financing activities		
Proceeds from refundable grants	48,109	-
Repayments of refundable grants	(48,109)	-
Net cash provided (used) by financing activities	-	-
Net change in cash and cash equivalents	(554,227)	(1,554,142)
Cash and cash equivalents, beginning of year	2,207,286	3,761,428
Cash and cash equivalents, end of year	\$ 1,653,059	\$ 2,207,286
Supplemental information		
Donated stock	\$ 45,154	\$ 35,899

See Notes to the Financial Statements

LEGAL AID AT WORK

**Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

	Program	Management and General	Fundraising	Totals	
				2019	2018
Salaries	\$ 2,458,670	\$ 319,308	\$ 415,100	\$ 3,193,078	\$ 3,020,684
Retirement contribution	136,760	17,761	23,089	177,610	169,143
Other employee benefits	437,457	56,813	73,856	568,126	544,479
Payroll taxes	182,108	23,650	30,746	236,504	257,486
Total Personnel	<u>3,214,995</u>	<u>417,532</u>	<u>542,791</u>	<u>4,175,318</u>	<u>3,991,792</u>
Grants	19,214	-	-	19,214	40,271
Professional services	224,454	103,782	13,395	341,631	366,056
Information technology	73,537	9,226	7,385	90,148	126,059
Advertising	244	850	-	1,094	7,246
Supplies and office expenses	95,071	9,773	48,907	153,751	164,176
Occupancy	294,492	36,811	36,811	368,114	345,766
Travel and meals	110,662	2,537	4,678	117,877	101,533
Conferences	12,164	-	-	12,164	7,394
Depreciation	25,446	12,108	3,176	40,730	46,421
Insurance	24,416	14,671	2,269	41,356	46,213
Annual event expense	-	-	68,919	68,919	69,441
Library	31,112	-	433	31,545	37,786
Donated services	484,384	-	-	484,384	491,029
Other	10,498	5,780	6,435	22,713	44,559
Expenses by function	<u>4,620,689</u>	<u>613,070</u>	<u>735,199</u>	<u>5,968,958</u>	<u>5,885,742</u>
Expenses reported on a net basis on the Statement of Activities					
Event donor benefit (Note 10)	-	-	103,610	103,610	111,479
Total Expenses	<u>\$ 4,620,689</u>	<u>\$ 613,070</u>	<u>\$ 838,809</u>	<u>\$ 6,072,568</u>	<u>\$ 5,997,221</u>

See Notes to the Financial Statements

LEGAL AID AT WORK

Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

NOTE 1: NATURE OF ACTIVITIES

Legal Aid at Work (the Organization), a nonprofit public benefit corporation, advances justice and economic opportunity for poor and low-income people and their families at work, in school, and in the community. Founded in 1916, Legal Aid at Work advocates for new laws and policies, and it provides free legal information, advice, and representation. Funding is primarily through law firm, individual, and corporate contributions; allocations from the Legal Services Trust Fund Program of the State Bar of California; government, foundation and fellowship grants; *cy pres* awards; and attorneys' fees recoveries.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature, but there were no restrictions of this nature as of December 31, 2019.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on

LEGAL AID AT WORK

Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

certain restricted fund investments are reported as decreases in net assets without donor restrictions. Net gains on restricted investments increase net assets with donor restrictions, and net losses on restricted investments reduce that net asset class.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Grants and Pledges Receivable

Contributions receivable including grants and pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than two years after their due dates are generally written off unless the donors indicate that payment is merely postponed.

Court Awarded Fees and Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Cy Pres Awards

The Organization receives cy pres awards from class action and other legal settlements. The Organization recognizes such awards upon notification of a final settlement agreement indicating the amount due to the Organization and an evaluation of the parties' ability to pay the settlement.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2019 and is not aware of any significant uncertain tax positions for which

LEGAL AID AT WORK

Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents when held in an operating account.

Cash and cash equivalents held in investment accounts for investment purposes are classified with investment balances. Purchases and sales of such investments represent transfers to or from operating accounts from such investment accounts.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,500 for an individual item or group of similar items; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Leasehold improvements	10 years or lease term
Website	3 years
Furniture and equipment	5 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Accrued Rent

The Organization recognize rent expense evenly over the relevant lease term. Accrued rent reflects expense recognized prior to payment generally as the result of future rent escalations or free rental periods.

LEGAL AID AT WORK

Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Occupancy costs are allocated based on an estimated square footage allocation for each program and supporting activity. Office expenses and supplies, insurance and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. Advertising costs are expensed as incurred.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 3: GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Grants and pledges receivable	\$ 639,646	\$ 818,263
Less allowance for doubtful accounts	<u>(6,099)</u>	<u>(25,099)</u>
Total	<u>\$ 633,547</u>	<u>\$ 793,164</u>

Contributions and pledges receivable are due as follows as of December 31, 2019:

Within one year	\$ 17,275
Between one and five years	1,000
Beyond five years	<u>1,000</u>
Total	<u>\$ 19,275</u>

LEGAL AID AT WORK

Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

NOTE 4: INVESTMENTS

The Organization maintains two investment pools. One pool, with a longer term investment horizon, consists of Justice Fund monies intended for long term support. In addition, the Organization has established a second investment pool to hold funds with a potential operating use along a shorter time horizon.

Investments consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
General investments	\$ 5,484,376	\$ 2,921,478
Justice Fund	<u>3,190,191</u>	<u>3,625,402</u>
Total	<u>\$ 8,674,567</u>	<u>\$ 6,546,880</u>

Justice Fund investments are intended for longer term support of the Organization and may not be available for immediate use.

Investment Activity

Investment activity consisted of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 117,747	\$ 102,768
Realized and unrealized gains (losses)	264,593	(56,968)
Investment fees	<u>(12,220)</u>	<u>(12,670)</u>
Total	<u>\$ 370,120</u>	<u>\$ 33,130</u>

NOTE 5: FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

Fair values of assets measured on recurring basis were as follows as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,353,239	\$ -	\$ 1,353,239
Mutual funds			
Domestic equity	837,300	-	837,300
Fixed income			
US Treasuries	4,890,593	-	4,890,593
Agency securities	-	728,357	728,357
Corporate bonds	<u>-</u>	<u>865,078</u>	<u>865,078</u>
Total	<u>\$ 7,081,132</u>	<u>\$ 1,593,435</u>	<u>\$ 8,674,567</u>

LEGAL AID AT WORK

Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

Credit and Interest Rate Risk

The Organization's portfolio of fixed income investments is subject to credit risk and interest rate risk. The Organization's agency securities hold an S&P rating of AA+ and corporate bond ratings range from BBB+ to AA- as of December 31, 2019. All fixed income holdings mature within 5 years as of December 31, 2019.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 46,400	\$ 46,400
Website	44,881	44,881
Furniture and equipment	156,356	154,839
Less accumulated depreciation	<u>(211,102)</u>	<u>(170,068)</u>
Total	<u>\$ 36,535</u>	<u>\$ 76,052</u>

NOTE 7: COMMITMENTS

The Organization leases office space and office equipment under non-cancelable leases that expire on various dates through December 2021. Future lease commitments were as follows for the years ended December 31:

2020	\$ 345,389
2021	41,482
2022	<u>6,900</u>
Total	<u>\$ 393,771</u>

For the years ended December 31, 2019 and 2018, rent and common area maintenance expenses totaled \$265,326 and \$322,327, respectively.

NOTE 8: CONTINGENCIES

Compliance with Award Conditions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

Refundable Grants

The Organization receives funding to support its litigation efforts. In the event of a settlement or other award of attorney fees and costs, the Organization may repay the related grant. As of December 31, 2019, \$73,663 in funding had been received to support active cases. No reasonable estimate of potential attorney fee and cost recovery was available as of December 31, 2019.

LEGAL AID AT WORK

Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available as follows at December 31:

	<u>2019</u>	<u>2018</u>
Justice Fund	\$ 3,190,191	\$ 2,921,478
100 th Anniversary - Worker's rights clinic	1,031,956	1,267,954
Other specific purpose	<u>1,278,356</u>	<u>1,048,360</u>
Total	<u>\$ 5,500,503</u>	<u>\$ 5,237,792</u>

NOTE 10: ANNUAL EVENT

The Organization holds an annual event as part of its fundraising activities. Activity related to the annual event was as follows during the years ended December 31:

	<u>2019</u>	<u>2018</u>
Admissions, sponsorships, and contributions	\$ 682,276	\$ 723,578
Less: Costs of direct donor benefit	<u>(103,610)</u>	<u>(111,479)</u>
Total	<u>\$ 578,666</u>	<u>\$ 612,099</u>

NOTE 11: IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions as follows during the years ended December 31:

	<u>2019</u>	<u>2018</u>
Services performed by volunteer attorneys	\$ 406,088	\$ 426,125
Services performed by law student volunteers	78,296	64,904
Other in-kind	<u>36</u>	<u>700</u>
Total	<u>\$ 484,420</u>	<u>\$ 491,729</u>

Donated services support the Organization's Workers Rights Clinics and litigation efforts. The Organization estimated the value of such donated services on the following basis for the year ended December 31, 2019:

	<u>Hours</u>	<u>Average Rate</u>
Services performed by volunteer attorneys	1,160	\$350 per hr
Services performed by law student volunteers	<u>4,894</u>	\$16 per hr
Total	<u>6,054</u>	

NOTE 12: RETIREMENT PLAN

The Organization has a 403(b) defined contribution retirement plan (the Plan). The Plan covers all of the Organization's eligible employees and provides for voluntary salary deferrals. In addition, the Organization matches the first \$2,000 of employee contributions after one year of employment. Subject to approval by the Board, the Organization may make an additional contribution, and currently budgets for a contribution of 2.5% of eligible employee salaries, which may be varied in a number of circumstances. The Organization contributed \$177,610 and \$169,143 to the Plan during the years ended December 31, 2019 and 2018, respectively.

LEGAL AID AT WORK

Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

NOTE 13: CONCENTRATIONS

Concentration of Credit Risk

At times the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Labor Concentration

A majority of staff of the Organization other than management and certain excluded temporary staff are members of Engineers and Scientists of California Local 20 and the terms of their employment are subject to a collective bargaining agreement which expires February 28, 2020.

NOTE 14: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 are:

Financial assets:	
Cash and cash equivalents	\$ 1,653,059
Grants and pledges receivable	633,547
Court awarded fees and accounts receivables	183,687
Investments	8,674,567
Less financial assets held to meet donor imposed restrictions	
Purpose-restricted net assets	(5,500,503)
Less financial assets not available within one year	
Pledges receivable	<u>(2,000)</u>
Amount available for general expenditures within one year	<u>\$ 5,642,357</u>

As part of the Organization's liquidity management plan, the Organization may invest cash in excess of daily requirements in cash and cash equivalents and other investments.

NOTE 15: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of June 9, 2020 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order - Coronavirus

In March 2020 the Organization and the area it operates in was subject to a public health order related to COVID-19 coronavirus, which may have affected activities of the Organization.